

that sort of thing. But the energy companies are going to pass that tax on to the rest of us. And what that means, you cut through all the taxes, because of the new energy tax on energy companies, every American is going to add 41 cents to their gasoline; in other words, that's passed on to us. You add on the mileage tax, you add on the 10-cent tax for using gasoline, and now we've got another 41 cents that will be passed on to the American consumer.

Now the new cap-and-trade idea—it really should be called cap-and-tax—is sending energy companies packing their bags. Mr. Speaker, what I mean by that is, they're leaving town. The taxes are too high. They're not going to stay here any longer. It's been reported by different media sources that the new country, the new place for energy companies to move is a place called Zug, Switzerland. You've probably never heard of it. You have to look it up on a map to find it. But the tax rate for corporations in that area of Switzerland is 9 percent. The corporate tax in the United States on those energy companies is 35 percent. No wonder they're leaving town. They can't afford to do business in the United States.

□ 1545

The U.S. energy companies are going someplace else because of the overwhelming tax structure here.

Mr. Speaker, the answer is not to tax more but to allow more energy production, novel thought that that is. Rather than run energy companies out of town, maybe we ought to let them expand in the Outer Continental Shelf. That would actually create thousands of American jobs. We wouldn't be sending money overseas to OPEC. We'd keep that money in the United States. We'd keep the lease revenue that those oil companies have to pay for to get that oil out of the Outer Continental Shelf. We'd keep that lease revenue in the United States. And we'd also keep the tax revenue in the United States.

But, Mr. Speaker, the new French economic plan is tax anything that produces in this country, and now we're going to tax energy out of the energy business, including consumers that use energy. I guess next year, Mr. Speaker, we'll all wonder why we're just freezing in the dark because we don't have any energy because it all left town.

And that's just the way it is.

SECURITY CHALLENGES ARISING FROM THE GLOBAL FINANCIAL CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. SKELTON) is recognized for 5 minutes.

Mr. SKELTON. Mr. Speaker, students of history know that hyperinflation in Germany was a significant factor in the rise of Hitler. The economic decay of the Soviet Union led to

regime change across Eastern Europe. And a serious economic crisis preceded the French Revolution. So the record is clear that economic crises can have consequences for national security of the highest order. Here in the United States, our economic strength has always been the foundation of our national power and our national security. Economics plays no less important a role in the fate of many other nations.

Knowing this, the House Armed Services Committee decided to explore how the current global financial crisis is affecting national security by holding a hearing last week with a distinguished panel of economic and national security experts. We had been working to hold such a hearing since November, but the urgency of this effort was only emphasized when the Director of National Intelligence, Admiral Dennis Blair, stated in this annual threat assessment that the global financial crisis represents the primary near-term concern for U.S. national security. During our hearing, we learned more about the many ways the world has been thrown into serious turmoil by this sudden global shock and that many if not most of the international consequences are yet to come.

We learned that, at a minimum, the global financial crisis will exacerbate an already growing set of political and economic challenges facing the world. In country after country, the crisis is increasing citizen discontent and anger toward their leaders and providing an excuse for authoritarian regimes to consolidate their power. It distracts and strains our allies and generates conditions that could provide fodder for terrorism. Financial turmoil can loosen the fragile hold that many countries have on law and order and increase the number and size of ungoverned spaces.

While most of the experts we heard from agree that the strongest economies will weather this storm, it is the fragile states that worry me the most. Emerging democracies throughout Eastern and Central Europe, Africa, and Asia will turn to the Western world for support. If we cannot or do not help them, they may be forced into economic alliances of necessity with long-term consequences. When Iceland recently turned without success to its friends in the West, it found a "new friend" in Russia. Jamaica has received significant financial assistance from China. The list of countries in critical regions in need of such assistance is long indeed. Economic pressures within European countries might even become so severe as to seriously weaken or unravel the ties that bind the countries of the European Union and NATO Alliance together.

Perhaps most serious, at a time when U.S. leadership is sorely needed, our international credibility is at an unprecedented low. The crisis is causing the emerging nations to question the Western model of market capitalism. Flawed policies, poor decisions, weak

regulation, and questionable behavior have led to a widespread perception that American-style capitalism is unsustainable. This perception may be the most corrosive effect of the current crisis.

Mr. Speaker, our response to the global economic crisis must be far reaching and far seeing. We must restore our economy, maintain and enhance our key instruments of national power, including the Department of Defense, and take an approach with the world that reestablishes our credibility and claim to world leadership. We must support our friends and maintain our alliances. We must not become so self absorbed that we fail to recognize our long-term strategic interests. And we must be very clear, in today's world a strong national defense is not a luxury, it is an imperative.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1388, GENERATIONS INVIGORATING VOLUNTEERISM AND EDUCATION ACT

Mr. HASTINGS of Florida, from the Committee on Rules, submitted a privileged report (Rept. No. 111-39) on the resolution (H. Res. 250) providing for consideration of the bill (H.R. 1388) to reauthorize and reform the national service laws, which was referred to the House Calendar and ordered to be printed.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 5 minutes.

(Mr. JONES addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

THE PLIGHT OF THE IRAQI REFUGEES CONTINUES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Ms. WOOLSEY) is recognized for 5 minutes.

Ms. WOOLSEY. Mr. Speaker, the President has announced a plan to re-deploy troops from Iraq, and if you're watching the nightly news or pick up a paper, you might think that the occupation was actually over. But when was the last time you saw a major TV news story from Iraq or some ink at least above the fold about Iraq?

Sadly, the United States' occupation of Iraq is far from over. The need still remains for a stable nation and a stable Iraqi Government that is able to provide basic services and a sense of normalcy and support of the rule of law for everyone in Iraq.

Almost 6 years ago today, the United States military was mobilized in a preemptive attack on Iraq. By now we all know there were no weapons of mass destruction. However, destruction was left in the wake of the invasion. Both the Iraqi and American Governments

must focus on these immediate pressing human needs rather than continuing military presence. A prolonged occupation is not the answer. Prosperity and stability will not come at the end of a gun. We must support reconstruction. We must support reconciliation efforts. And we must find the best way out of Iraq so that we can begin all of this. And the best way is by bringing our troops and military contractors home from Iraq so then we can give Iraq back to the Iraqis and work with them to rebuild reconciliation and to return to their homes.

Families face unimaginable hardships, from widespread violence and suicide attacks to the destruction of their schools, their hospitals, and utility providers. Some of the devastation can be and is actually visible, and it's rubble that still litters the streets and walled-off sections of neighborhoods.

The more difficult picture to capture is that of the refugees. Millions have fled their homes never to return. Nationwide there are between 1.6 million and 2.8 million internally displaced people, refugees who left their homes but not Iraq. According to the International Organization of Migration, only 288,000 have returned home. Refugees International calls this one of the largest humanitarian and displacement crises in the world. They say "most are unable to access their food rations and are often unemployed; they live in squalid conditions, have run out of resources, and find it extremely difficult to access essential services."

Mr. Speaker, the Iraqi Government has established a program to reimburse Iraqi families who have lost their homes. Most families get about half of their home's value, and that's when someone can safely come into the area to assess the damage. This process is slow going and will never make these families whole.

But to what are Iraqi families returning? Refugees International found that some Iraqis who have tried to return home have found their homes occupied or destroyed, the likelihood of violence still high, a collapse of social services, and neighborhoods divided into sectarian areas.

Sadly, the U.S. occupation has caused this to happen. But the good news is we have a chance to bring our troops home, give Iraq back to the Iraqi people, and let them have their sovereignty and let them get home to their properties. We need to help them do that. What we don't need to be doing is spending more money on the military occupation in Iraq.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

(Mr. DEFAZIO addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. MCHENRY) is recognized for 5 minutes.

(Mr. MCHENRY addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. HALL) is recognized for 5 minutes.

(Mr. HALL of New York addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

THE AIG CASINO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. SHERMAN) is recognized for 5 minutes.

Mr. SHERMAN. Mr. Speaker, the AIG Financial Products unit created a casino. At that casino, people were invited to bet on credit default swaps. Smart people went to that casino, the largest financial institutions, the richest and the most powerful in the world. They were smart. They bet against the mortgage market of the United States. They won. But they broke the bank.

Now when ordinary gamblers break the bank, they have to settle for less than their full winnings. But these, as I said, are the most rich and powerful and best-connected institutions in the world, and they want everything the contract calls for. And that is why American taxpayers have provided \$170 billion in payments and risk assumption so that these gamblers would be paid.

That is not how capitalism is supposed to work. When you're owed money by an insolvent financial institution, that institution is supposed to be in receivership. Those who have insured accounts or insured life insurance policies get paid; everybody else takes a substantial haircut. But, instead, Wall Street is telling us that there is this sanctity of contract; so they must get every penny that Wall Street is supposed to get under the contract.

Wait a minute. Sanctity of contract? Every bankruptcy, every receivership involves setting aside virtually every contract of the insolvent financial institution. And when Richard Nixon was President, he, through wage and price controls, shredded every wage contract in this country.

Receivership is the way to clean up the balance sheets of our financial institutions. But we're not focused on it because it costs the shareholders, it costs the creditors, it costs management, and they would rather give us a "solution" that costs the American taxpayer.

Receivership means that you strip some liabilities off the balance sheet. That is the way to strengthen the bal-

ance sheet of our financial institutions. Instead, we're told that the way to improve these balance sheets is to take assets off the balance sheet, albeit the so-called toxic assets. There's nothing the matter with those assets except they're worth less than they used to be. You do not strengthen financial institutions by taking their assets. You strengthen them by putting them in receivership and removing their liabilities.

Now we're focused on the bonuses being paid to the croupiers of this AIG casino. Receivership would have been the clearest way to prevent those payments from being made, but we weren't told about those outrageous bonuses until hours before they were distributed.

□ 1600

Now all that money is in the hands of the executives. No doubt they have got them in Cayman Island accounts as we speak.

Those bonuses should have been disclosed to us, but there is something this Congress can do, and that is through the Tax Code. Impose on the executives of all TARP bailed-out firms a special surtax on that portion of their compensation which is excess.

I think that ought to be the portion in excess of \$500,000, excluding restricted stock. That is the exact standard put forward by President Obama for his toughest standard on executive compensation.

That tax could be at the 60, 70, 80 percent level, and those executives who did not want to pay the tax could, instead, return the excess portion of their compensation to their employer. It is important that this tax law apply not only to those who received excess payments in 2009, but also those who received the excess payments in 2008.

We have a precedent for having excess profits taxes. We can have a special tax on excess compensation.

We also, though, need to put AIG and others into receivership because this is the way we can deal, not with the bonuses, which are in the hundreds of millions of dollars, but deal with the tens and hundreds of billions of dollars of taxpayer money that are being disbursed to the wealthiest financial institutions of the world, including tens of billions of dollars going overseas.

In order to get this economy moving again, we need banks and other financial institutions with strong balance sheets. The way to get strong balance sheets is to write down liabilities, not to "get rid of" certain assets by calling them toxic assets. It is unlikely that we will pursue this plan because it will lead to substantial losses for the most powerful, richest and best-connected institutions and individuals in this country, but it is the way for us to go forward.

I look forward to working with my colleagues to getting to a plan that serves Main Street, not Wall Street.